

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 27, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## ASSEMBLY BILL

**No. 2666**

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**Introduced by Assembly Member Skinner**

February 19, 2010

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An act to add ~~Sections 19571 and 19188~~ *Section 19571* to the Revenue and Taxation Code, relating to taxation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2666, as amended, Skinner. Income taxes: Franchise Tax Board: tax expenditures: Reporting Transparency in Government Internet Web site.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits, deductions, exclusions, exemptions, and other tax benefits with respect to the taxes imposed by those laws.

~~This bill would require a taxpayer doing business in this state that claims any tax expenditure under the Personal Income Tax Law and the Corporation Tax Law to submit, under penalty of perjury, to the Franchise Tax Board specified information, including, among other things, the amount of tax expenditures claimed by the taxpayer on the return for each tax expenditure authorized under those laws. By requiring taxpayers to submit this information under penalty of perjury, this bill would expand the circumstances under which a person may be convicted of the crime of perjury and thereby impose a state-mandated local program.~~

This bill would, *for each taxable year on and after January 1, 2010*, require the ~~board~~ *Franchise Tax Board* to ~~annually~~ compile the information received, ~~commencing with information based on taxable years beginning January 1, 2010, on any expenditure claimed and reported by a taxpayer that is a publicly traded company~~, and would require, beginning on March 30, 2012, and ~~each~~ by March ~~30th~~ 30 of each year thereafter, the board to submit the information to the State Chief Information Officer for publication on the Reporting Transparency in Government Internet Web site. This bill would require the State Chief Information Officer to develop on the Reporting Transparency in Government Internet Web site a searchable database of that information, as specified.

~~This bill would also impose a penalty equal to 1% of the aggregate amount of tax expenditures claimed for each failure to file the required information, as specified.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~yes~~ *no*.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 19571 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 19571. (a) Notwithstanding any other law, a taxpayer doing
- 4 business in this state that claims any tax expenditure shall submit
- 5 to the Franchise Tax Board the following information annually
- 6 when filing the annual return required under Part 10.2
- 7 (commencing with Section 18401):
- 8 (1) The number of full-time employees, as defined, part-time
- 9 employees, and temporary employees employed by the taxpayer
- 10 in this state.
- 11 (2) The amount of tax expenditures claimed by the taxpayer on
- 12 the return for each tax expenditure authorized under Part 10
- 13 (commencing with Section 17001) or Part 11 (commencing with
- 14 Section 23001).

1 19571. (a) For each taxable year beginning on or after  
2 January 1, 2010, the Franchise Tax Board shall compile  
3 information on any tax expenditure, authorized under Part 10  
4 (commencing with Section 17001) or Part 11 (commencing with  
5 Section 23001), that is claimed and reported by a taxpayer that is  
6 a publicly traded company on the annual return required under  
7 Part 10.2 (commencing with Section 18401).

8 (b) "Publicly traded company" means a company with securities  
9 that are either listed or admitted to trading on a national or foreign  
10 exchange, or is the subject of two-way quotations, such as both  
11 bid and asked prices, that is regularly published by one or more  
12 broker-dealers in the National Daily Quotation Service or a similar  
13 service.

14 ~~(3) A list of occupations, job classifications, and average wages~~  
15 ~~for the full-time employees, part-time employees, and temporary~~  
16 ~~employees employed by the taxpayer.~~

17 ~~(4) A certification by the taxpayer, signed under penalty of~~  
18 ~~perjury, that the information is true and correct and contains no~~  
19 ~~knowing misrepresentation.~~

20 ~~(5) The taxpayer's office mailing address and office telephone~~  
21 ~~number.~~

22 (b) For purposes of this section, all of the following shall apply:

23 (1) "Full-time employee" means an employee who works an  
24 average of 35 hours in a week, or more, calculated monthly.

25 (2) "Part-time employee" means an employee who works less  
26 than an average of 35 hours in a week calculated monthly.

27 (3) "Tax expenditure" means a tax expenditure listed in the  
28 California Income Tax Expenditures Report published by the  
29 Franchise Tax Board each year, and any credit, deduction,  
30 exclusion, exemption, or any other tax benefit provided by the  
31 state that is enacted after the report is published and that is not  
32 included in the report.

33 (4) "Temporary employee" means an employee who works  
34 fewer than 120 days each year.

35 (e) (1) Notwithstanding any other law, including Section  
36 6254.21 of the Government Code, the Franchise Tax Board shall  
37 annually compile the information received pursuant to this section,  
38 commencing with information based on taxable years beginning  
39 January 1, 2010.

40 (2)

(c) Beginning on March 30, 2012, and ~~each March 30th by~~  
March 30 of each year thereafter, the Franchise Tax Board shall  
submit the ~~information tax expenditure information compiled~~  
pursuant to subdivision (a) to the State Chief Information Officer  
for publication on the Reporting Transparency in Government  
Internet Web site.

(d) The State Chief Information Officer shall develop on the  
Reporting Transparency in Government Internet Web site a  
searchable database by company name, ~~amount of tax expenditure,~~  
~~or any other criteria necessary and the amount of tax expenditures~~  
claimed, to increase public awareness of the amount and scope of  
tax expenditures for businesses in this state.

~~SEC. 2. Section 19188 is added to the Revenue and Taxation  
Code, to read:~~

~~19188. A penalty equal to 1 percent of the aggregate amount  
of tax expenditures claimed shall be imposed for each failure to  
file the required information under subdivision (a) of Section  
19571, unless it is shown that the failure is due to reasonable cause  
and not due to willful neglect.~~

~~SEC. 3. No reimbursement is required by this act pursuant to  
Section 6 of Article XIII B of the California Constitution because  
the only costs that may be incurred by a local agency or school  
district will be incurred because this act creates a new crime or  
infraction, eliminates a crime or infraction, or changes the penalty  
for a crime or infraction, within the meaning of Section 17556 of  
the Government Code, or changes the definition of a crime within  
the meaning of Section 6 of Article XIII B of the California  
Constitution.~~

CORRECTIONS:

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